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ZNR UUUUU ZZH
R 101936Z OCT 06
FM AMEMBASSY GEORGETOWN
TO RUEHC/SECSTATE WASHDC 4227
INFO RUEHLMC/MILLENNIUM CHALLENGE CORP
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS GEORGETOWN 001056

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E.O. 12958: N/A
TAGS: [ECON](#) [EAID](#) [KMCA](#) [GY](#)
SUBJECT: GOG REACTION TO MCC FY07 SCORECARD

REF: STATE 159723

¶1. (U) SUMMARY: USAID Mission Director and State EconOff delivered the Millennium Challenge Corporation (MCC) FY07 indicator scorecard to Chief Cabinet Secretary Roger Luncheon, Minister of Finance Ashni Singh, and Advisor within the Ministry of Finance Coby Frimpong on October 5. The GOG acknowledged its failing scores in several Economic Freedom indicators but questioned the data behind its failing score on the Primary Education Expenditures indicator. The GOG also inquired about the status of its Threshold Plan. END SUMMARY.

¶2. (U) The GOG officials had little reaction to the Economic Freedom indicators, which came as no surprise. Rather, Frimpong asked about the Primary Education Indicator data and said that the UNESCO data series has lags. EmbOffs explained that the UNESCO is the most robust indicator that allows for cross-country comparison.

¶3. (U) Frimpong also asked when the Threshold Plan was likely to be approved and why the proposal has not yet reached the board. In particular, he asked if the MCC was waiting until publication of the FY07 indicators before making a decision on the Threshold Plan. Luncheon also said that the prolonged approval process has "created uncertainty" as far as whether Guyana will really gain access to the Millennium Challenge Account (MCA). He expressed an "overwhelming desire to bring closure" to the process.

¶4. (SBU) Frimpong also said that a prolonged delay in approval of the Threshold Plan may jeopardize the success of Guyana's Value Added tax implementation, which is scheduled to come into force on January 1, 2007. According to Frimpong, the GOG and other international financial institutions that are supporting the VAT implementation effort, including the Inter-American Development Bank, have planned their efforts on the assumption that MCA resources would have become available in August. He also suggested that other donors had reallocated funds away from the VAT implementation in anticipation of MCA support. COMMENT: Post has engaged counterparts in the donor community throughout the Threshold Plan development process, and they are aware that the MCA funds would not be available in August. However, should the VAT implementation slip past its deadline, Frimpong's sentiment suggests that the GOG may try to pin some of the blame on the lengthy MCA approval process. END COMMENT.

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